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REGIONAL BUSINESS INITIATIVE

Expanding Trade and Economic Cooperation among Jordan, Iraq and the West Bank

METAC Workshop 1 Report:

Tax Compliance Management, held in Dead Sea, Jordan, on
January 29-31, 2012

February 2012

This publication was produced for review by the United States Agency for International Development. It was prepared by SEGURA Partners LLC under the SEGIR Global Business, Trade and Investment II Indefinite Quantity Contract (IQC), Number EEM-I-00-07-00001-00 Task Order # 06

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The views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

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EVENT SUMMARY

Introduction

In October 2010, USAID launched the **Regional Business Initiative** (the “Project”), a one-year program consisting of a series of events held through September 2011, meant to gather businesses and government officials from Jordan, Iraq and the West Bank to discuss potential exchanges, and to help solve main obstacles to trade and joint business activities. The program is funded by USAID’s Office of Middle East Programs and implemented by SEGURA Partners LLC.

Through a series of regional events (workshops and business exchanges), the project aims to bring together stakeholders from Jordan, the West Bank and Iraq to develop specific action plans to address constraints to increased regional trade, which can subsequently be used by USAID/Jordan, USAID/West Bank and Gaza and USAID/Iraq in their bilateral programming.

In September 2011, the contract governing the Project was amended to be extended until September 2012, and to incorporate additional activities including workshops to be held in collaboration with the Middle East Regional Technical Assistance Center (METAC), on public financial management matters.

This report summarizes the first of those workshops, held on January 29-31, 2012, at the Dead Sea, in Jordan, and focusing on Tax Compliance Management.

Background

The Middle East Regional Technical Assistance Center (METAC) is a collaborative effort between the International Monetary Fund (IMF) and several bilateral and multilateral donors aimed at providing technical advice in core macroeconomic and financial management areas. The Center opened in October 2004. It is located in Beirut, and provides technical assistance and training to Afghanistan, Egypt, Iraq, Jordan, Lebanon, Libya, Palestine, Sudan, Syria, and Yemen.

USAID and METAC first collaborated in a workshop in Egypt, co-funded by the Egypt Competitiveness Project, bilateral project funded by USAID/Egypt. USAID/OMEPP then decided through the Regional Business Initiative to support those efforts regionally.

On January 29-31, 2012, the Regional Business Initiative inaugurated its collaboration with the METAC by supporting the organization of a Workshop on Tax Compliance Management. It was held at the Dead Sea, in Jordan, and gathered regional government officials working in the area of revenue administration.

Participants

Nine countries belonging to METAC participated by sending representatives from their tax authority offices: Afghanistan, Egypt, Iraq, Jordan (host country), Lebanon, Libya, Sudan, the West Bank, and Yemen.

Two guest countries from the region attended (at their own cost): Oman and Qatar. France also sent a representative to make a presentation.

USAID was represented by the Regional Business Initiative (OMEP and implementer), the Egypt Financial Management Office, and USAID/Jordan's Jordan Fiscal Reform project.

A complete list of attendees is attached in Annex 2.

Proceedings

The workshop was led by a subject matter expert from METAC, Ms. Manal Assir, and by guest expert Mr. Mark Konza, Deputy Commissioner of the Australian Taxation Office. Country specific presentations were made by representatives from Egypt, Lebanon, France, Jordan, and Yemen. Each session was followed by questions and answers that allowed participants to give their feedback and ask for clarifications.

Among the topics of particular interest to participants were the following:

- Voluntary compliance and how to increase it
- Role of CPA firms and their responsibility
- Incentives for compliant taxpayers
- Amnesty for noncompliant taxpayers
- Audits
- Bank confidentiality

The agenda is included in Annex 1.

Results

The general comments made at the workshop, as well as the questionnaire distributed by METAC, point to the success of this event. For instance, the question of whether the workshop improved the participants' understanding of compliance management received an average of 4.1 out of 5, while whether the knowledge gained has value added for work on compliance management received an average of 4.2. The overall satisfaction was rated at 4.4.

The results to the questionnaire are included in Annex 3.

In terms of USAID / METAC collaboration, this was also considered a success. Costs were divided approximately equally, while respecting both agencies' regulations. For the future, lessons learned included the need to identify participants from the Palestinian Authority as soon

as possible, which will allow sufficient time to complete the vetting process in order for USAID to fund their participation.

The indicators to the Regional Business Initiative PMP are included in Annex 4.

ANNEXES

Annex 1: Agenda

Workshop on Tax Compliance Management - Dead Sea, Jordan January 29-31, 2012

Sessions	Day 1 – Sunday January 29	Day 2 – Monday January 30	Day 3 – Tuesday January 31
09:00 – 10:30	Opening Welcome & registration, introduction, overview Towards a Comprehensive Compliance Strategy Compliance approaches in self-assessment	Control of Risks in the Medium Business Market Measuring, controls, methods used Strengthening audit capacity Legislative framework, Audit manual	Improving Tax Morale Schemes to promote compliance Countries' Experiences France
10:30 – 11:00	<i>Coffee Break</i>	<i>Coffee Break</i>	<i>Coffee Break</i>
11:00 – 12:45	Foundation Blocks of Improving Tax Compliance Risk management approaches, knowing how to influence your taxpayers Countries' Experiences Jordan	Control of Risks in the Large Business Market Measuring, controls, methods used, planning Countries' Experiences Lebanon	Organization & Management Organization, leadership, planning, evaluation of outcomes Countries' Experiences Australia
12:45 – 14:00	<i>Lunch Break</i>	<i>Lunch Break</i>	<i>Lunch Break</i>
14:00 – 15:45	Compliance Management Education & assistance, compliance controls Overview of a Risk-based Audit Strategy Audit program, methods Countries' Experiences Egypt	Cultural Tour & Dinner <i>Courtesy of the Income & Sales Tax Department (ISTD) - Jordan</i>	Open Forum Discussion Prospects for future, Group Discussions Wrap-Up Participants' comments, workshop evaluation
15:45 – 16:00	<i>Coffee Break</i>		<i>End of Workshop</i>
16:00 – 17:00	Control of Risks in the Individual Business Market Measuring, controls, methods used		

Annex 2: List of Participants

	Country	Name	Title	Department	Institution
1	Afghanistan	Subhanullah Fahimi	Director, Large Taxpayer Office (LTO)	Afghanistan Revenue Department	Ministry of Finance
2	Afghanistan	Atiqullah Azizi	Law Enforcement & Tax Collection General Manager	Afghanistan Revenue Department	Ministry of Finance
3	Egypt	Ahmed Refaat Abdel Ghaffar Salem	Egyptian Tax Authority Commissioner		Egyptian Tax Authority
4	Egypt	Mohammed Tarek Ahmed Ali	Head of the Large Taxpayer Center	Large Taxpayer Center	Egyptian Tax Authority
5	France	Benoit Demeulemeester	General Administrator	Risk Management Mission	General Directorate for Public Finance/DDFIP du Pas-de-Calais
6	Iraq	Kadhim Ali Abdulla	Director General	General Commission for Tax	Ministry of Finance
7	Iraq	Kareem Salim Kamash	Head of Company Department	General Commission for Tax	Ministry of Finance
8	Iraq	Yousif Fadhil Al-Ani	Deputy Director	General Commission for Tax	Ministry of Finance
9	Jordan	Mousa Al-Mawazrah	Director General	Income and Sales Tax Department	Ministry of Finance
10	Jordan	Ayed Moh'd Abu Isaliek	Manager of Debt Management	Income and Sales Tax Department	Ministry of Finance
11	Jordan	Basheer Ahmad Al-Zoubi	IT Manager-Reform Manager	Income and Sales Tax Department	Ministry of Finance
12	Jordan	Hussein Mohammad Almoumani	Director Taxpayers Services	Income and Sales Tax Department	Ministry of Finance
13	Jordan	Joudeh Habib Shannk	Director of Compliance Directorate	Income and Sales Tax Department	Ministry of Finance
14	Jordan	Khader Ali Qaneer	Head of Audit Management Division	Income and Sales Tax Department	Ministry of Finance
15	Jordan	Maher Ali Makahleh	Head of Management Services Taxpayers	Income and Sales Tax Department	Ministry of Finance
16	Jordan	Mohammad Hassan Al-Reyati	Revenue, Taxes and Audit Director	Income and Sales Tax Department	Ministry of Finance
17	Jordan	Mousa Abdelhafeth Tarawneh	Communication and Media Manager	Income and Sales Tax Department	Ministry of Finance
18	Jordan	Zaidan Sadia Al Owiwy	Head of Debt Management Division	Income and Sales Tax Department	Ministry of Finance
19	Lebanon	Georges Maarrawi	Head of Mount Lebanon Regional Bureau	Finance General Directorate	Ministry of Finance

20	Lebanon	Claudine Elias Karaki	Tax Reform Manager	UNDP - Tax Reform Program	Ministry of Finance
21	Libya	Mohamad Abd Al Majed Elbashir	Director of Tax		Ministry of Finance
22	Libya	Zakaria Ashor Elzarug	Director of Tax Darna		Ministry of Finance
23	Oman	Faisal Abdullah Al Ojaili	Director of Survey	Secretariat General for Taxation	Ministry of Finance
24	Oman	Yahya Saif Al Battashi	Taxes Officer	Secretariat General for Taxation	Ministry of Finance
25	Qatar	Moftah Jassim Al Moftah	Director	Public Revenues & Taxes Policy Section	Ministry of Economy and Finance
26	Qatar	Saleh Yousef Al Mulla	Head	Public Revenues & Taxes Policy Section	Ministry of Economy and Finance
27	Sudan	Mohammed Osman Ibrahim	Secretary General		Taxation Chamber
28	Sudan	Emtisal Mahmoud Abd Al Hafez	Director Taxation Chamber	Technical Operations	Taxation Chamber
29	West Bank	Ahmad Al Helou	Director General of the VAT Tax	VAT	Palestinian National Authority
31	West Bank	Mahmoud Sha'ban Nofal	Director General of Property Tax Directorate	Property Tax Directorate	Palestinian National Authority
32	Yemen	Abdulmalik Saad Al Shami	Assistant for Training	Training Affairs	Tax Authority
33	Yemen	Tarek Mohammed Abdurboh Al-Barak	Assistant for Skills Affairs	Skills Affairs	Tax Authority
34	METAC	Saade Chami	METAC Coordinator		Middle East Regional Technical Assistance Center
35	METAC	Manal Assir	Revenue Administration Advisor		Middle East Regional Technical Assistance Center
37	METAC	Mona Demian	Administrative Assistant		Middle East Regional Technical Assistance Center
38	SEGURA Consulting LLC	Anne-Sophie Samjee	Manager		
39	USAID	Michael Reilly	Program Officer	Egypt Office of Middle East Programs (OMEPP)	U.S. Agency for International Development
40	USAID	Khaled Farag	Audit Management Liaison	Egypt Financial Management Office	U.S. Agency for International Development

41	DAI	Ahmed Dib	Program Coordinator	USAID/Jordan Fiscal Reform II Project (FRP II)	Development Alternatives, Inc.
42	DAI	Mr. Atef Al Momani	Tax Advisor	USAID/Jordan Fiscal Reform II Project (FRP II)	Development Alternatives, Inc.
43	DAI	Mr. Bob Wenzel	Component Lead	USAID/Jordan Fiscal Reform II Project (FRP II)	Development Alternatives, Inc.

Annex 3: Evaluation Results

[illegible]

Main Comments		
<u>Strengths</u>	<u>Weaknesses</u>	<u>Other</u>
<ul style="list-style-type: none"> • Very interesting topics and presentations • Varied/wide-ranging experiences: Regional, Australia, France • Excellent platform for knowledge exchange • Good balance of regional/international presentations • Choice of location (Dead Sea & venue) • Excellent arrangements • Cultural tour: excellent opportunity to have information on the hosting country and to engage with other participants 	<ul style="list-style-type: none"> • More focus needed on risk management tools & techniques • Focus of the lecturer on general concepts & Australian case • More time needed for discussions • A more interactive approach would have been a plus • Need for hotel accommodation for local delegates 	<ul style="list-style-type: none"> • Need for more frequent workshops in the future • Workshops to be organized in all METAC countries

Annex 4: Regional Business Initiative PMP Indicators for METAC Workshop 1

Indicator		Unit of Measure	METAC Workshop 1		To Date (Events 1 and 2, METAC Workshop 1)		Total Life-of Project
			Target	Actual	Target	Actual	Target
Events Execution							
1	Number of USG supported training events held	Number of events	1	1	4	4	10
2	Number of positive evaluations of events / Average grade of the event (METAC) out of 100	% of total evaluations	80%	88%	80%	81%	80%
3	Funds leveraged by the Local Partner (AMCHAM/Jordan, METAC)	% of total event cost	50%	53%	23%	23%	30%
Events Participation							
4	Number of participants (disaggregated by sex, and by private sector/government)	Number of participants	40	43 (38m/5f 33 gov./10 non gov.)	190	172	430
5	Number or ministries and government agencies involved	Number of institutions	10	11	16	17	62
6	Number of sectors/subsectors involved in the events	Number of sectors/subsectors	N/A	N/A	10	>10	25
7	Number of companies participating in the events	Number of companies	N/A	N/A	55	92	75
8	Number of visits to the Web Portal	Number of visits	N/A	N/A	250	908	400
9	Number of B2B sessions	Number of B2B sessions	N/A	N/A	140	177	180
Main Outcomes of Events							
10	Number of transactions identified or in progress as a result of the events	Number of transactions	N/A	N/A	15	14	20
13	Number of actionable programming recommendations for bilateral Missions	Number of recommendations	N/A	N/A	9	20	16